

Irish Life launches new Enhanced Annuity product

New product will offer higher retirement income to many

18th September, 2014 – Ireland's leading life assurance company, Irish Life, has launched an Enhanced Annuity product. This innovative new product will recognise that not all pension customers have the same medical history or expected lifespan and will offer better value to customers who have experienced poor health.

Speaking at the launch of the product, David Harney, Managing Director, Irish Life Corporate Business said: *"Traditionally everybody the same age got the same annual income in retirement (or annuity) for the same size of fund, regardless of their health and medical history. This meant that annuities could represent poor value for money for those in poor health as life assurance companies assumed a normal lifespan. An Enhanced Annuity changes this: Irish Life will assess your health and quote an annuity cost appropriate to your conditions."*

The product launches with an innovative new online system that financial advisers will have access to. The financial adviser will bring customers through all the requirements to assess their full health picture and, based on this information, Irish Life will decide if candidates qualify for an enhancement.

David Harney explained: *"In general, the more detailed the information we get the more likely it is we can offer an enhancement of some form. A very wide range of conditions will attract extra income. These range from lifestyle factors such as a history of smoking or obesity to conditions like diabetes and high blood pressure. Those who have had more serious conditions such as heart problems or cancer are also eligible for the new product. The greater the level of severity of the condition, the greater the level of enhancement we can offer. We expect about 60% of people could qualify for this product*. For instance, recent TILDA findings suggest that over 80% of Irish people over 50 are obese."*

The new Enhanced Annuity product also allows for the provision of a pension for dependents. Irish Life will assess the medical history for both people and quote an enhancement based upon each person's medical history. The annuity for both people will be enhanced if either have a medical history that is sufficient to merit special terms. The extra income applies to both people. In the event that both people have a medical history that qualifies for an enhanced annuity, the overall enhancement will be larger.

All the standard optional extras on a normal annuity are also available on an Irish Life Enhanced Annuity. Optional extras can include:

- Deciding whether the pension remains level or increases during payment of the annuity
- A minimum period of payment, so that the pension continues to be payable for a fixed period
- Deciding whether to incorporate a pension for dependants after death

Irish Life will generally check with the client's doctor after retirement to ensure the health information supplied is accurate and reserves the right to adjust the income down to lower levels or normal rates if it's not.

Further details about the new Enhanced Annuity product are available on www.irishlifecorporatebusiness.ie

*according to Reinsurance Group of America (RGA) based on UK market stats

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Editors' Note:

What is an annuity?

The term "annuity" means a series of lifelong pension payments, normally monthly for the rest of your life. Annuities are normally purchased by payment of a single premium to a life assurance company at retirement.

What is an enhanced annuity?

Traditionally everybody the same age got the same annual income in retirement (or annuity) for the same size of fund, regardless of their health and medical history. This meant that annuities could be poor value for money for those in poor health, as life assurance companies assumed normal health and lifespan.

An Enhanced Annuity changes this: Irish Life will assess your health and quote an annuity cost appropriate to your expected future lifespan.

Examples of enhancements by conditions

The table below illustrates sample enhancement rates for certain conditions as at August 2014. Note that the enhancements here are not guaranteed and will vary in the future depending upon: exact medical conditions and precise severity, exact age of both lives, interest rates and other factors. They are presented purely for illustration.

<u>Background</u>	<u>Result</u>	
Michael is a 62 year old man. His wife Kathleen is 60.	Standard Annuity:	€8k per annum
Michael has a history of smoking and diabetes. Kathleen suffers from angina.	Enhanced Annuity:	€10k per annum
Michael has €200k in a pension pot to use to buy an annuity.	A 25% enhancement.	
Julie is a 60 year old woman with no dependants.	Standard Annuity:	€20k per annum
She has high cholesterol and had breast cancer 2 years ago.	Enhanced Annuity:	€23k per annum
She has €400k in a pension pot to use to buy an annuity.	A 15% enhancement.	
Frank is a 60 year old man. Breda (his partner) is 56.	Standard Annuity:	€5k per annum
Frank has a mild form of MS and Breda is in good health.	Enhanced Annuity:	€5.5k per annum
Michael has €100k in a pension pot to use to buy an annuity.	A 10% enhancement.	
Mary is a 64 year old woman. Her husband Liam is also 64.	Standard Annuity:	€50k per annum
Mary is in good health. Liam suffers from high blood pressure.	Enhanced Annuity:	€50k per annum
Mary has €1m in a pension pot to use to buy an annuity.	Standard Rates apply. (in this case, Liam's condition was not sufficient to merit an uplift on the whole joint life annuity)	

About Irish Life:

Established in 1939, Irish Life is Ireland's leading life, investment and pension company. Since July 2013 Irish Life is part of the Great-West Lifeco group of companies, one of the world's leading life assurance organisations.

Great-West Lifeco and its subsidiaries, including The Great-West Life Assurance Company – founded in Winnipeg, Canada more than a century ago – have a record for financial strength, earnings stability and consistently high ratings from the independent rating agencies. The Great-West Life Assurance Company has an AA rating for insurer financial strength from Standard & Poor's.

Irish Life is committed to delivering innovative products backed by the highest standards of customer service. As part of Great-West, we have access to experience and expertise on a global scale, allowing us to continuously enhance our leading range of products and services.

Irish Life Assurance plc is regulated by the Central Bank of Ireland.